

Calculation of Capital Gains - ABRIEVIATED NOTES:

To successfully pay only the capital gains that you are legally liable for when selling your house in Pasadena, California, you need to consider the following information

FOR Calculation of Capital Gains:

YOU need THE FOLLOWING DEDUCTABLE QUALIFIED IMPROVEMENTS AND EXPENSES:

1. proof of the purchase price of the property,
- 2 .the current purchase price,
3. the commissions paid when you first bought the home,
4. total cost of all home improvements
5. Total of loans from your niece

(When calculating capital gains loans from your niece In some cases it may be considered a genuine debt and treated as a deductible expense if there is evidence of a legitimate loan agreement it. This means that the loan amount owed to your niece would be deducted from the gross sale price of the house before calculating the capital gains. Deducting the loan amount owed to your niece from the gross sale price may depend on the specific circumstances and applicable tax laws in your jurisdiction)

You will need to determine your “basis” in the house. Your basis is the amount you paid for the house, plus any improvements you made, minus any depreciation you claimed on the house. To calculate your capital gains, you will need to subtract your basis from the sale price of the house.

long-term capital gains tax rates If you owned the house for more than one year before selling it, you will be subject to. For 2023, the federal long-term capital gains tax rates are 0%, 15%, or 20%, depending on your income tax bracket : FOR The state of California the standard state tax rates are used, which range from 1% to 10.3% depending on the income bracket.